

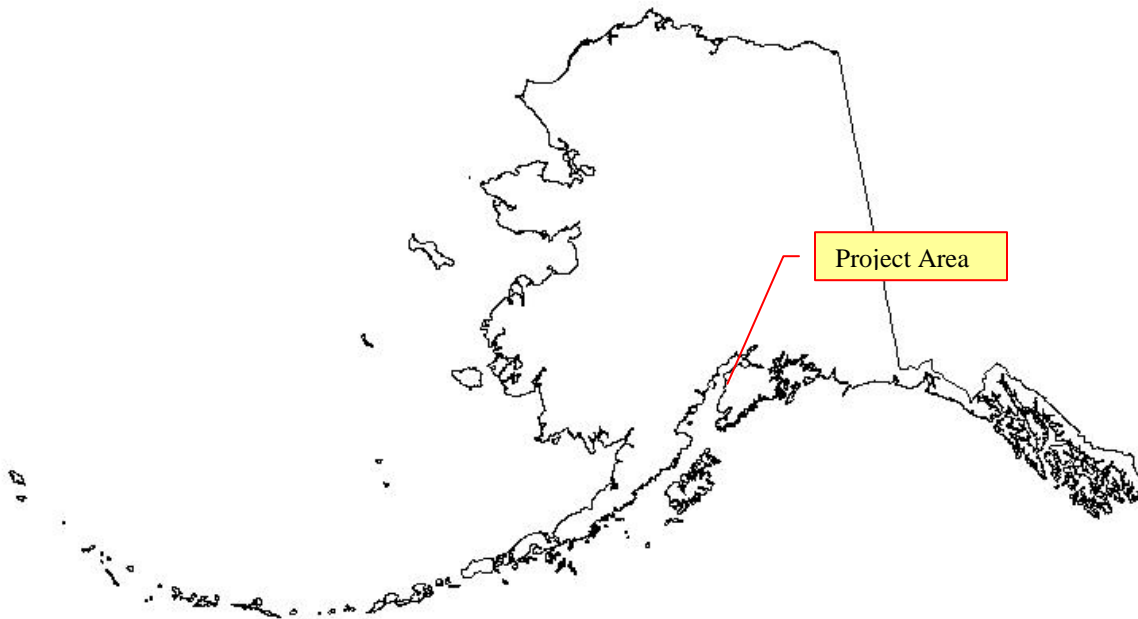


Bureau of Land Management

Anchorage Field Office
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**Categorical Exclusion
Drilling of a Natural Gas Well – SRU 211-33**

Applicant: Chevron (UNOCAL)
Case File Number: A-028399
AK-010-08-CX-049



Location:
Section 33, T. 8 N., R. 9 W., Seward Meridian
Kenai Peninsula Borough, Alaska

Prepared By:
Sindra Wolfsen
Physical Scientist
August 22, 2008

U.S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Anchorage Field Office
CATEGORICAL EXCLUSION (CX) FORM

CX No.: AK-010-08-CX-049

Lease/Serial/Case File No.: A-028399

Applicant: Chevron (UNOCAL)

Proposed Action: Drilling of a natural gas well: Swanson River Unit (SRU 211-33)

Location of Proposed Action: Swanson River Unit oil and gas Pad 221-33, Section 33, T. 8 N., R. 9 W., Seward Meridian, Kenai Peninsula Borough, Alaska.

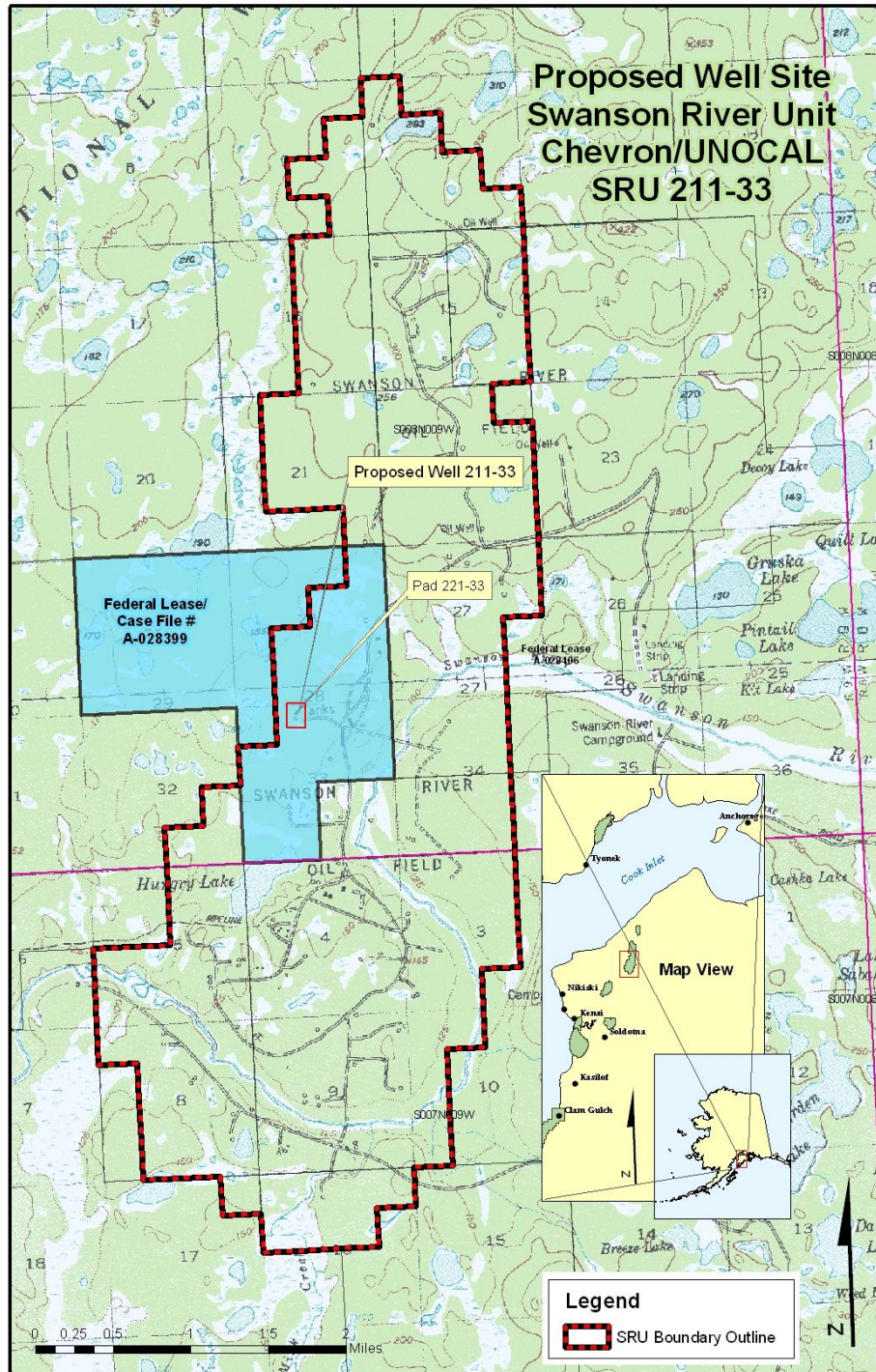
Description of Proposed Action:

Chevron (UNOCAL) wishes to drill a natural gas well, SRU 211-33, in the Swanson River Unit. The well will be drilled on SRU Pad 221-33 within the Swanson River Unit, lease number, A-028399. The proposed surface location is anticipated to be 468' from the north line (FNL) and 2107' from the west line (FWL) in Section 33, T. 8 N., R. 9 W., Seward Meridian. The proposed total vertical depth (TVD) of the well is 3900'. Existing roads will be used to access SRU Pad 221-33. No new construction is planned on the pad. There will, however, be a flowline installed from the SRU 211-33 wellhead to an existing line heater and separator.

Existing water sources will be utilized. Water supply wells at Tank Setting (TS) 1-33, office/housing well, compressor plant wells, and another permitted well will be used under their existing Temporary Water Use Permits. Cuttings will be stored at the newly constructed Solid Waste Processing Facility located on SRU Pad 43-3 East. No waste from outside the field will be processed. Excess drilling mud will be hauled from the rig pit system to well SCU 243-4MD (AOGCC Permit to Drill #161-029) for disposal, a Class II injection well (Area Injection Order #13A) where tankage and dual portable injection pumps will be set to process the mud and liquids. All household and approved industrial garbage will be hauled to the Kenai Peninsula Borough, Soldotna Landfill. Clear fluids will be hauled to well SRU 31-33WD (AOGCC Permit # 180-114) for disposal, a dedicated water disposal well (Area Injection Order # 13A). Any unused chemicals will be returned to the vendors that provided them or utilized in future operations. Sewage will be contained onsite and hauled off-site by a designated contractor.

A minimal camp will be established on the pad to house various supervisory and service company personnel. A total of three (3) trailer-type structures will be required for this purpose. No additional structures will be necessary.

Though SRU 211-33 will be drilled on an existing pad, the current location has no other active wells. Approval of the plan of reclamation will be obtained from the US Fish and Wildlife prior to any reclamation work. The surface and on which the well will be drilled is managed by the USFWS.



PART I - PLAN CONFORMANCE REVIEW

Township 7 North, Range 10 West, Seward Meridian, Alaska is within the boundaries of the Ring of Fire Record of Decision and Approved [Resource] Management Plan (March, 2008), p.12 Sec. J. Minerals – Fluid Leasables, J-1: Goal, states to:

“Maintain or enhance opportunity for mineral exploration and development while maintaining other resource values. Pubic lands and the Federal mineral estate will be made available for orderly and efficient exploration, development and production unless withdrawal or other administrative action is justified in the national interest. In addition to oil and gas, geothermal resources would be available for leasing in areas open to oil and gas leasing. Areas closed to oil and gas leasing are also closed to geothermal leasing.”

PART II - NEPA REVIEW

A. Categorical Exclusion Review.

The Energy Policy Act of 2005 provides that:

“NEPA REVIEW – Action by the Secretary of the Interior in managing the public lands, or the Secretary of Agriculture in managing National Forest System Lands, with respect to any of the activities described in subsection (b) shall be subject to a rebuttable presumption that the use of a categorical exclusion under the National Environmental Policy Act of 1969 (NEPA) would apply if the activity is conducted pursuant to the Mineral Leasing Act for the purpose of exploration or development of oil or gas.”

[42 U.S.C. §15942(a)]

The Act of 2005 specifically provides that where: #2. *Drilling an oil and gas well at a location or well pad site at which drilling has occurred within five years prior to the date of spudding the well...*” the Federal action is presumed to be categorically excluded from further NEPA analysis, 42 U.S.C. §15942(b)(2).

Energy Policy Act of 2005, Section 390 Categorical Exclusion (CX) #2 justification: the well upon which the proposed SRU 211-33’s Sec. 390 CX #2 is based is well 21-33WD; the last work performed on the well that required a “drilling rig of any type or capability” was the plugging of the well in October of 2004. The SRU 21-33WD well was drilled on the same existing SRU 221-33 Pad where the proposed well will be drilled.

B. Departmental List of Extraordinary Circumstances Review.

BLM National Environmental Policy Act Handbook H-1790-1 (2008) states that:

Section 390 of the Energy Policy Act of 2005 established five statutory CXs that apply only to oil and gas exploration and development pursuant to the Mineral

Leasing Act. The CXs do not apply to geothermal actions...**Energy Policy Act
CXs do not require review for extraordinary circumstances.**

I certify that this proposed action is appropriately applied as the Energy Policy Act's Section 390 Categorical Exclusion No. 2; is oil and gas exploration and development related; and thus neither requires review for extraordinary circumstances, nor further NEPA analysis.

Preparer(s): _____
/s/ Sindra Wolfson

Date: August 22, 2008

PART III – DECISION

The proposed action is in compliance with the National Environmental Policy Act of 1969 with a management framework plan or a resource management plan or a record of decision, 43 C.F.R. § 1610.8(a)(3) (2006). I have reviewed the proposal to ensure the appropriate categorical exclusion, as described in Section 390 of the Energy Policy Act of 2005, has been correctly applied. Further, there is a rebuttable presumption that the use of a categorical exclusion under the National Environmental Policy Act of 1969 (NEPA) would apply if the activity is conducted pursuant to the Mineral Leasing Act for the purpose of exploration or development of oil or gas, 42 U.S.C. §15942(a).

It is therefore my decision to implement the action, as described, with the following mitigation measure:

The operator will:

- Prevent and control nonnative invasive plant/ noxious weed infestations;
- Leave areas of operation clean of all debris and take all feasible precautions to avoid attracting wildlife to food and garbage;
- Prepare and implement a Hazardous Materials Emergency Contingency Plan before transportation, storage, or use of fuel or hazardous substances by or before January 1, 2009;
- Maintain Material Safety Data Sheet information on all hazardous substances used by the operator;
- Prepare and/or provide a comprehensive spill prevention and response contingency plan, per 40 CFR 112, by or before January 1, 2009;
- Prepare and/or provide a reclamation plan for the pad on which the proposed action will occur by or before January 1, 2009; and
- Mark all fuel containers, including barrels and propane tanks with the responsible party's name, product type and year filled (and purchased).
- Upon the approval of the APD, the proposed well must be spudded and/or completed by October 15 of 2009, or the permit will expire, and cannot be extended without further NEPA analysis.

Authorized Official: Beth Maclean
Acting Field Manager

Date: September 19, 2008